

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 590 – SB 869

February 26, 2013

SUMMARY OF ORIGINAL BILL: Requires, prior to a municipal annexation, the approval by a majority of potentially-annexed residents in a referendum held in conjunction with the next regularly-scheduled election by the county. Requires the annexing municipality to provide notice by registered mail to all potentially-annexed residents 90 days prior to the referendum.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Expenditures – Exceeds \$1,000*

Other Fiscal Impact – Due to several unknown factors, any change in local government property tax revenue cannot be quantified.

SUMMARY OF AMENDMENT (003101): Deletes all language after the enacting clause. Requires, prior to a municipality annexing upon its own initiative, the approval by a majority of potentially-annexed residents in a referendum, held in conjunction with the next regularly-scheduled election by the county. Requires the annexing municipality to provide notice by registered mail to all potentially-annexed residents 180 days prior to the referendum, when the proposed annexation is of the territory adjoining the existing boundaries of the annexing municipality and is upon the annexing municipality's own initiative.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The required referendums are to be held in conjunction with the next regularly-scheduled election; therefore any additional cost associated with the referendum to local government will not be significant.
- The annexing municipality is required to provide notice, by register mail, to each potentially-annexed resident 180 days prior to the referendum.

- Based on information on the United States Postal Service website, the cost associated with sending notification by registered mail is estimated to be \$11.20 per mailing.
- The number of potentially-annexed residents is unknown; therefore, the number of notifications required to be sent statewide by registered mail is unknown. However, the increase in local government expenditures is reasonably estimated to exceed \$1,000 per year statewide.
- Due to several unknown variables, such as the number of municipalities that will desire to annex territory, the extent of property desired to be annexed, the value of any such properties, the extent of subsequent development that would occur on any annexed property, and whether a majority vote was to accept annexation, the fiscal impact to local government revenue cannot be determined.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/jrh